

Development Activity Bulletin 2011

Planning Committee
9 August 2012

1 Purpose of report

- 1.1 To invite the Committee to note the publication of the Council's fourth annual Development Activity Bulletin.

2 Summary

- 2.1 A Development Activity Bulletin has been prepared, summarising the amount of development recently delivered or promoted through the planning process in Edinburgh, expressed in terms of its market value. The information relates to the position at the end of 2011 and analyses the changes since 2008. The data relate only to larger scale developments and so represent a conservative estimate of total development value.
- 2.2 The Bulletin reveals that the value of recent and potential development increased by 6% from £10.0 billion in 2010 to £10.6 billion in 2011. This is only £0.3 billion short of the level prevailing in 2008, at the start of the recession, and demonstrates that even in difficult economic times Edinburgh continues to be an attractive place to invest and do business. However, the value of development actually brought forward to completion in 2011 was the lowest recorded in any of the last four years. An increasing proportion of development value is bound up in planning consents which have not been implemented. On some sites, new proposals are now being brought forward to take account of changing market conditions.

3 Main report

- 3.1 For the fourth year running, a Development Activity Bulletin has been compiled which summarises the market value of developments progressed through the planning process in Edinburgh. This includes recent completions and sites under construction.
- 3.2 By adopting a standard market valuation approach, it is possible to summarise the overall scale of development activity across different property sectors. This enables the composition of development to be analysed in terms of property sectors, location, and stage of progress through the planning process. With four years of data available, it is now also possible to provide a more meaningful analysis of trends.

- 3.3 The Bulletin is attached as Appendix 1. It presents the position at the end of 2011, together with developments which were completed in 2011. Seven key property sectors are covered: housing, offices, industry (including storage), retail, hotels, culture & leisure, and student accommodation (the last of these being included for the first time in the 2010 Bulletin). A detailed schedule is available for each of the property sectors, itemising the progress of individual developments. (See Background Papers.)
- 3.4 The analysis is confined to more significant planning applications, with a lower threshold of 500 sq.m. for commercial developments, 10 bedrooms for hotel developments, and 10 housing units. The true scale of activity will therefore undoubtedly be higher than that estimated here.
- 3.5 The spatial distribution of development is examined with particular reference to Edinburgh's four strategic development areas : Edinburgh City Centre, Edinburgh Waterfront, West Edinburgh and South East Edinburgh. A more detailed description of the methodology and definitions is included in the Development Activity Bulletin itself which is attached as an appendix to this report.
- 3.6 The **key findings** to emerge from the 2011 Development Activity Bulletin are :
- The overall value of development activity including undetermined applications and unimplemented consents increased by 6% from just under £10 billion in 2010 to £10.6 billion in 2011. This is just £300 million short of the value recorded in 2008 at the start of the recession.
 - The proportion of development activity bound up in consents has grown from 52% in 2008 to 66% in 2011. This includes a number of older consents which might never be implemented in their current form.
 - The value of completed developments has fallen year-on-year since 2008. However, developments under construction at the end of 2011 showed an increase on 2010.
 - Development proposals awaiting determination were substantially lower in 2011, but this can be affected by the speed with which applications are processed, as well as the volume of applications.
 - Housing now accounts for 49% of the total development pipeline, but this rises to 72% of 'active' development which was either completed or under construction in 2011. In contrast offices comprise 25% of total potential development value, but only 6% of development on the ground. There is a similar pattern with retail, with 11% of potential and 3% of active development.
 - Somewhat unusually, after housing, cultural and leisure developments were most active on the ground in 2011, contributing 10% of delivered development. Major completions included the National Museum of Scotland and the National Portrait Gallery refurbishments, and the new temporary grandstand for the Military Tattoo.

- Hotels and offices were next most significant in terms of active development, each contributing 6%, followed by retailing and student accommodation at 3% each. There was virtually no industrial development on any significant scale in 2011.
 - Offices account for the largest share of unimplemented planning consents (36%), followed by housing (34%), retail (15%) and hotels (8%).
 - In contrast with other property sectors, the value of undetermined applications showed an increase between 2010 and 2011 for housing, hotels and cultural / leisure developments.
 - Since the start of the economic slowdown in 2008 there are clear signs that the City Centre has become the preferred location for many types of development. The Centre's share of total development potential grew from 30% in 2008 to 34% in 2011. More telling, though, is its share of development on-site, which has grown from 28% to 44%.
 - The three strategic development areas around the edge of the city account for 43% of the total development pipeline, a slight reduction from 46% in 2008. However, their contribution to development on the ground is much lower and has fallen dramatically, from 25% in 2008 to 13% in 2011. This compares with the 43% of development which was completed or under construction in the rest of the city, outwith the strategic development areas (much of this being housing).
 - The value of completed development has fallen in successive years in the Edinburgh Waterfront, from £218m in 2008 to just £21m in 2011.
 - In 2011 completions in South East Edinburgh were twice the level of those in the Waterfront and four times those in West Edinburgh, largely due to the opening of major new facilities in the Edinburgh BioQuarter.
- 3.7 The Development Activity Bulletin has once again been produced in partnership with property consultants, Ryden, whose contribution in terms of expert market valuation is very much appreciated.

4 Financial Implications

- 4.1 There are no direct financial implications for the Council arising from this report.

5 Equalities Impact

- 5.1 There is no relationship between the matters described in this report and the public sector general equality duty.
- 5.2 There is no direct equalities impact arising from this report.

6 Environmental Impact

- 6.1 There are no adverse environmental impacts arising from this report.

7 Conclusions

- 7.1 The annual Development Activity Bulletin provides a useful insight into the scale, make up and geography of development activity in Edinburgh, highlighting the extent to which development is being enabled by the planning process.
- 7.2 The total value of development in the planning pipeline grew by 6% between 2010 and 2011, but fewer developments were progressed to completion stage. Unimplemented consents account for a growing share of development value. While some of these are older consents, they are gradually being superseded by newer proposals in response to changing economic conditions. This process is likely to continue over the next few years. The emerging Local Development Plan for Edinburgh will be pro-active in reflecting these changing conditions.

8 Recommendations

- 8.1 It is recommended that the Committee:
- a) notes the publication of the Development Activity Bulletin 2011 and the scale of development which is currently being progressed through the Council's planning service; and
 - b) refers this report to the Economic Development Committee for its interest.

Mark Turley
Director of Services for Communities

Appendices 1 City of Edinburgh Development Activity Bulletin 2011

Contact/tel/Email Graeme Gainey 0131 469 3931 graeme.gainey@edinburgh.gov.uk

Wards affected City wide

| | |
|--------------------------|--|
| Single Outcome Agreement | <p>Supports Priority Outcome 1 – Edinburgh’s economy delivers increased investment, jobs, and opportunities for all.</p> <p>Supports Priority Outcome 4 – Edinburgh’s communities are safer and have improved physical and social fabric.</p> |
| Background Papers | <ol style="list-style-type: none"> 1 City of Edinburgh Housing Development Schedule 2010 / 2011 2 City of Edinburgh Office Development Schedule 2011 3 City of Edinburgh Industrial Development Schedule 2011 4 City of Edinburgh Retail Development Schedule 2011 5 City of Edinburgh Hotel Development Schedule 2011 6 City of Edinburgh Leisure Development Schedule 2011 7 City of Edinburgh Student Housing Development Schedule 2011 <p>The above schedules are all available on the Council's web site via the following link :</p> <p>http://www.edinburgh.gov.uk/info/20120/planning-development_activity_monitoring/1413/development_activity_monitoring</p> |

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*City of Edinburgh Council
Services for Communities
Planning Information*

*and Ryden commercial
property consultants*

June 2012

City of Edinburgh

Development Activity Bulletin 2011

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Photographs : some developments completed or under construction in 2011

This report has been compiled by the Planning Information Team within the City of Edinburgh Council's Services for Communities, in conjunction with property consultants Ryden.

Whilst reasonable care has been taken in the collation and analysis of this data, the authors do not give any assurance that it is fully comprehensive or accurate, and users should undertake their own checks and assessments particularly when using this information as an input to investment or development decisions.

1 Introduction

- 1.1 This is the fourth annual report summarising development activity in the City of Edinburgh, as facilitated by the Council's planning service. It highlights the value of development which has been recently completed or is being promoted through the planning process, and its composition in terms of seven broad sectors : housing, offices, industry / storage, retail, hotels, leisure / culture, and student housing. It also looks at the geographical spread of development, focussing particularly on the four 'strategic development areas' : Edinburgh City Centre, Edinburgh Waterfront, West Edinburgh, and South East Edinburgh. These areas allocated for major change and growth are shown on Map 2.
- 1.2 The analysis draws on seven more detailed development schedules which include listings of individual development sites and their state of progress through the planning process. These are available on the planning pages of the Council's web site, one for each of the development sectors noted above. The development schedules contain useful information on the developer, site address, key dates and amount of floorspace (or number of houses, or hotel rooms). They also include location maps, and analysis of recent losses as well as gains arising from redevelopment or change of use.
http://www.edinburgh.gov.uk/info/20120/planning-development_activity_monitoring/1413/development_activity_monitoring
- 1.3 The analysis in this report is restricted solely to larger scale non-domestic development, so it should be noted that the figures represent a conservative view of the overall level of development activity. The methodology section contains further details on the scope and definitions adopted.

2 Development trends and composition : summary analysis

Overall development value

- 2.1 The total market value of commercial scale development built or under construction in Edinburgh in 2011, plus developments with planning consent, or awaiting a decision, amounted to £10.6 billion. This was an increase of nearly £0.6 billion or 6% on the 2010 figure, perhaps reflecting some early signs of confidence about the prospects of economic recovery and Edinburgh's strengths as an attractive place to live and work.
- 2.2 Tables 1 and 2 below summarise the high level trends over the last four years. Table 1 encompasses all stages in the planning process plus developments under construction or completed during the year. Table 2 is limited to developments which were actively under construction or completed.
- 2.3 Since valuations per unit have generally either remained stable or fallen slightly for some types of property, the increase in total value was driven almost entirely by a higher volume of activity. This is certainly encouraging. However, the figures need to be interpreted with a degree of caution. As described in more detail below, closer inspection reveals that a large amount of development value is accumulating as unimplemented consents. These include older consents which are still valid but are effectively outdated and are likely to be superseded in due course.

Table 1 : Value of major developments progressed through the planning system in Edinburgh 2008 – 2011, by stage of development, property sector and strategic development area (£M)

| <u>Stage of development</u> | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|--------|--------|-------|--------|
| Completions during year | 682 | 839 | 496 | 436 |
| Under construction at year end | 1,752 | 1,375 | 1,112 | 1,450 |
| Unimplemented planning consents | 5,643 | 6,225 | 6,060 | 6,972 |
| Undetermined planning applications | 2,788 | 1,589 | 2,320 | 1,704 |
| Total | 10,865 | 10,028 | 9,988 | 10,563 |

| <u>Property sectors</u> | 2008 | 2009 | 2010 | 2011 |
|-------------------------|--------|--------|-------|--------|
| Housing | 5,236 | 5,486 | 5,005 | 5,196 |
| Offices | 3,240 | 2,677 | 2,411 | 2,670 |
| Industry & storage | 79 | 76 | 74 | 70 |
| Retail | 1,179 | 861 | 1,099 | 1,161 |
| Hotels | 1,096 | 673 | 747 | 808 |
| Culture & leisure | 34 | 256 | 277 | 244 |
| Student accommodation | n/a | n/a | 376 | 414 |
| Total | 10,865 | 10,028 | 9,988 | 10,563 |

| <u>Strategic development areas</u> | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|--------|--------|-------|--------|
| Edinburgh City Centre | 3,252 | 2,742 | 3,430 | 3,609 |
| Edinburgh Waterfront | 3,066 | 3,046 | 2,626 | 2,779 |
| South East Edinburgh | 762 | 498 | 752 | 783 |
| West Edinburgh | 1,146 | 1,135 | 972 | 1,005 |
| Remainder of Edin (outwith SDAs) | 2,639 | 2,607 | 2,208 | 2,387 |
| Total | 10,865 | 10,028 | 9,988 | 10,563 |

Table 2 : Value of major developments completed or under construction in Edinburgh 2008 – 2011, by property sector and strategic development area (£M)

| <u>Property sectors</u> | 2008 | 2009 | 2010 | 2011 |
|-------------------------|-------|-------|-------|-------|
| Housing | 1,801 | 1,779 | 1,134 | 1,339 |
| Offices | 301 | 216 | 121 | 117 |
| Industry & storage | 20 | 3 | 2 | 1 |
| Retail | 128 | 2 | 56 | 55 |
| Hotels | 185 | 116 | 77 | 114 |
| Culture & leisure | 1 | 98 | 134 | 195 |
| Student accommodation | n/a | n/a | 85 | 64 |
| Total | 2,435 | 2,214 | 1,609 | 1,886 |

| <u>Strategic development areas</u> | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|-------|-------|-------|-------|
| Edinburgh City Centre | 673 | 833 | 692 | 828 |
| Edinburgh Waterfront | 506 | 272 | 193 | 155 |
| South East Edinburgh | 37 | 69 | 82 | 61 |
| West Edinburgh | 58 | 14 | 36 | 36 |
| Remainder of Edin (outwith SDAs) | 1,160 | 1,027 | 605 | 806 |
| Total | 2,435 | 2,214 | 1,609 | 1,886 |

Market context

- 2.4 The general economic outlook remains subdued and uncertain and this has impacted on development activity in Edinburgh as it has elsewhere across the country. Forecasts of recovery made at the height of the recession proved over-optimistic and premature, with 'green shoots' nipped in the bud by a succession of economic frosts. Consumers, businesses, investors and developers are now extremely wary about entering into new commitments, creating an inertia which is difficult to overcome.
- 2.5 It should be noted that the 2011 figures pre-date recent changes which may have had both negative and positive effects on investor sentiment – on the one hand, for example, the solvency problems within the Eurozone; and on the other hand the announcement that the Green Investment Bank is to be based in Edinburgh.
- 2.6 Whilst it is unlikely there will be any return to previous growth curves in the near future, the recession has prompted a re-evaluation of opportunities and priorities in many quarters. In terms of development, alternative uses and development mixes are being considered. Many who originally hoped to ride out the recession and hold out for a return to higher land and property values are beginning to realise that alternative strategies may now be required. Equally, those who have held off making a move to new and more suitable premises are now considering whether they should take advantage of the opportunities which are currently available, in the knowledge that the dearth of recent development should eventually force costs to rise again. Property agents advise that a substantial number of office leases concluded in the late 1980s are due to expire over the next few years, and this could provide the stimulus needed to unleash the next wave of development activity.
- 2.7 Edinburgh is fortunate in having a relatively resilient economy, with underlying strengths in its highly skilled and educated workforce, renowned quality of life, and ample land reserves for a

range of employment uses. With its focus on knowledge, creativity, enterprise and culture, the city is well placed to take advantage of any economic upturn. The Centre for Cities 'Cities Outlook 2012' concludes that Edinburgh's economy is performing 'exceptionally well'. Edinburgh has continued to attract high levels of in-migration and indeed its population growth has accelerated during the economic downturn, with the latest estimates from National Records for Scotland showing that it is on the verge of reaching a population of half a million (signalling a 10% growth over the last decade).

Development status (stage in the planning and development process)

- 2.8 A breakdown of the total development value (Graph 1) reveals that growth between 2010 and 2011 was accounted for by developments under construction (up 30% on 2010 values) and developments with unimplemented planning consent (up 15%).
- 2.9 In stark contrast, the value of developments actually completed in 2011 fell by 12% compared with 2010, while the value of undetermined planning applications fell by 27%. This tends to suggest that some schemes already in the 'pipeline' have been moved forward, but new proposals are coming forward at a slower rate and are being processed relatively speedily, leading to a growing 'stockpile' of consents.
- 2.10 Indeed as Graph 7(a) shows, unimplemented consents account for nearly two-thirds of the total development value in 2011. Planning applications account for a further 16% and developments under construction (at year end) 14%, while developments actually completed in 2011 account for just 4%.
- 2.11 Furthermore the proportion of development at the unimplemented consent stage has been growing steadily, rising to its current level of 66% from just 52% in 2008.
- 2.12 The reality is that several major consents are historic and are most unlikely to be implemented in their present form. By way of illustration, Graph 6 reveals that half of all consented office development dates back to committee decisions made before 2005 (notably including Edinburgh Park).
- 2.13 Some older consents will expire after a fixed period (normally four years) if they are not activated. However, others may remain valid indefinitely provided site works have started, even if development has ground to a halt. In future editions of the Development Activity Bulletin the intention is to remove historic consents from the analysis when it is clear that they have been superseded by more recent, alternative development consents.

Property sectors

- 2.14 Graph 2 shows that growth in overall development activity between 2010 and 2011 was spread across most sectors, with housing, offices, retail, hotels and student accommodation all witnessing a growth in value. The only sectors which saw a decline were industrial and leisure / cultural development.
- 2.15 However the pattern is somewhat different if the analysis is confined only to 'active' development, i.e. that actually completed or under construction. On this basis housing developments grew in value by 18% but the big growth sectors in 2011 were leisure & culture (+45%) and hotels (+48%). Other sectors saw a fall in construction activity, especially student accommodation (-24%).
- 2.16 Although hotels and culture / leisure have enjoyed a recent burst of activity, their overall scale is still small compared with the development value of housing. Graphs 7(b) and 7(c) compare the sectoral composition of development activity in 2011, respectively based on the wider definition (i.e. including applications and consents) and the narrower definition (i.e. sites newly completed or under construction). On the wider definition nearly half the total development value is accounted for by housing and a further quarter by offices. Housing

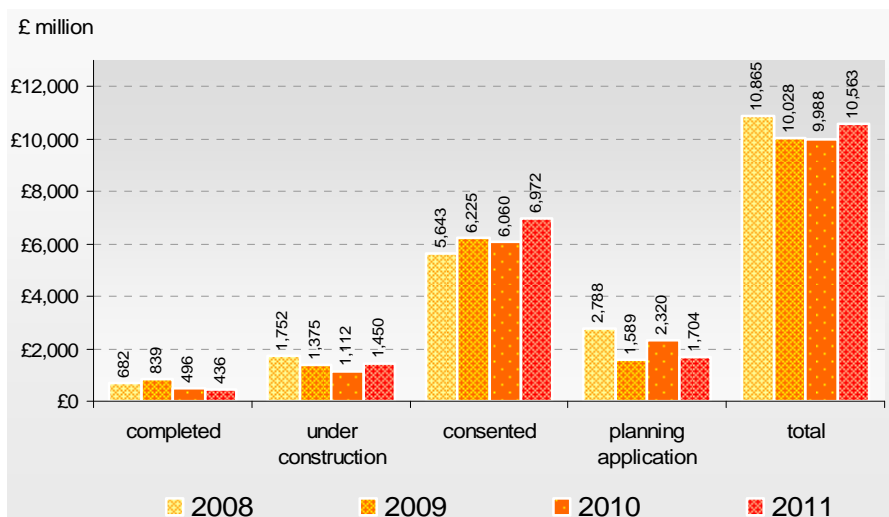
assumes even greater dominance in respect of developments actively under way (72% of the total). However offices only account for 6% - the same as hotels. In fact the second most valuable sector in terms of actual delivery in 2011 was cultural and leisure developments (10% of the total).

Strategic development areas

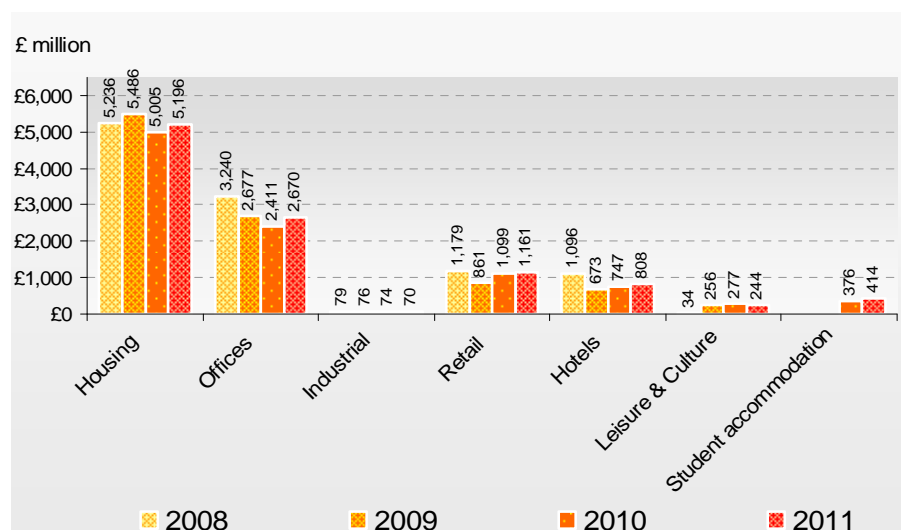
- 2.17 All the strategic development areas (SDAs) have seen a growth in overall development activity since 2010, ranging from 3% in West Edinburgh and 4% in South East Edinburgh to 5% in the City Centre and 6% in the Edinburgh Waterfront (Graph 3). However the fastest growth has occurred in the rest of Edinburgh outwith the strategic development areas (8%). This largely reflects the dominance of housing within the current mix of development interest.
- 2.18 The situation for 'active' development is much more polarised (Graph 5). Developments completed or under construction increased substantially in the City Centre (20%) and the rest of Edinburgh outside the SDAs (33%). However, West Edinburgh saw a marginal reduction in activity based on this narrower definition (less than 1%) while the Waterfront suffered much more substantial fall of 20%, and South East Edinburgh a fall of 25% despite the completion of major office / research facilities at the Bio Quarter. Once again, the location of housing construction activity is the key explanatory factor.
- 2.19 In this context it is important to note that the housing figures include a significant time-lag as they relate to the financial year 2010 / 2011 whereas the figures for other sectors relate to the calendar year 2011. A further relevant factor is that the West Edinburgh SDA area largely excludes residential development areas at present, unlike the Waterfront and South East Edinburgh (see Map 2 in the Methodology and Definitions section).
- 2.20 Graphs 7(d) and 7(e) show the proportion of development activity in different areas of the city – the former inclusive of all applications and consents and the latter limited to developments completed under construction in 2011 only. On the wider definition the City Centre is the focus for about one-third of all development interest, while the Waterfront and remainder of the city outwith the SDAs each account for about a quarter.
- 2.21 On the narrower definition, the City Centre's share of active development value grows to 44% with the 'rest of Edinburgh' only slightly behind at 43%. This leaves just 13% shared between the edge-of-city development areas, with West Edinburgh and South East Edinburgh registering particularly low proportions of activity at present (2% and 3% respectively).
- 2.22 Map 1 (overleaf) provides a further insight into the location of current development interest, emphasising the strong focus on the City Centre. This map is based only on consents awarded in 2011 (including 'minded to grant' decisions where consent is subject to the conclusion of legal agreements etc.). However it includes *all* consents, including smaller scale commercial and domestic consents. Planning fees are used as a very broad proxy for the scale of development, in order to combine widely varying types of development ranging from house extensions and shopfront alterations to major mixed use schemes. The limitations of this approach are acknowledged, with an upper limit on fees not fully discriminating between large and very large applications.
- 2.23 Nevertheless the map does give a reasonable snapshot of where development interest has been focussed over the last year. Outside the City Centre the main concentrations were in Leith and the Chesser area, with lesser concentrations in the Newbridge, Clermiston, Portobello, Wester Hailes and Granton areas.

Methodological note : the colour shading on the map portrays the total value of fees attached to planning applications within a 1 km radius of each point in the city, only for those applications which were approved in 2011.

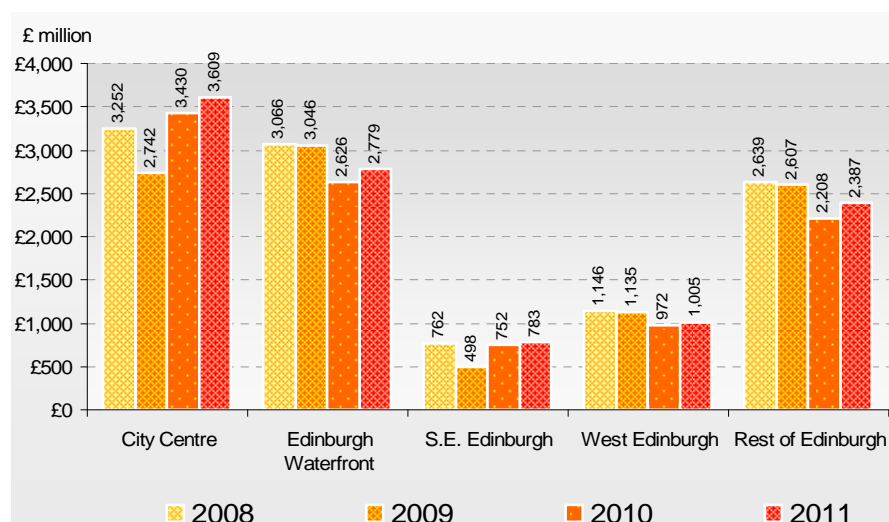
Graph 1 : Development trends 2008 – 2011 by stage in planning process (market value £M)



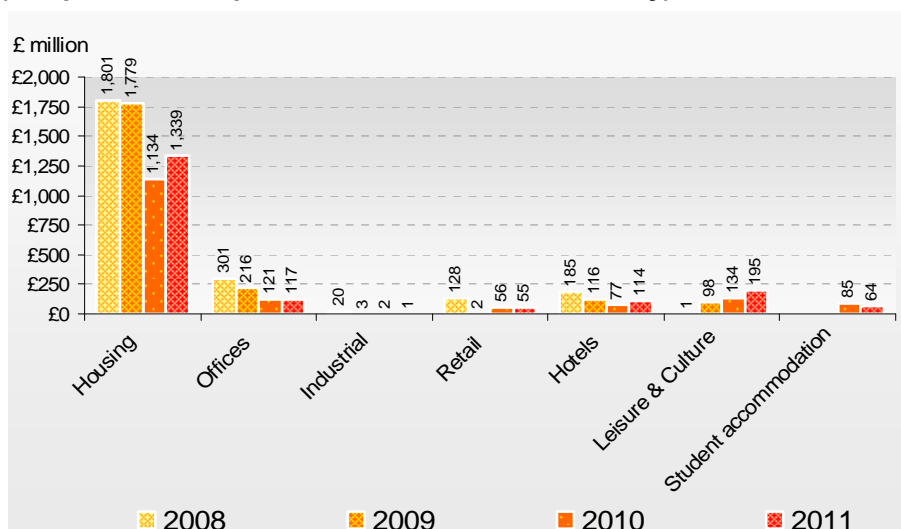
Graph 2 : Development trends 2008 – 2011 by development sector (market value £M) (total for all stages of development process)



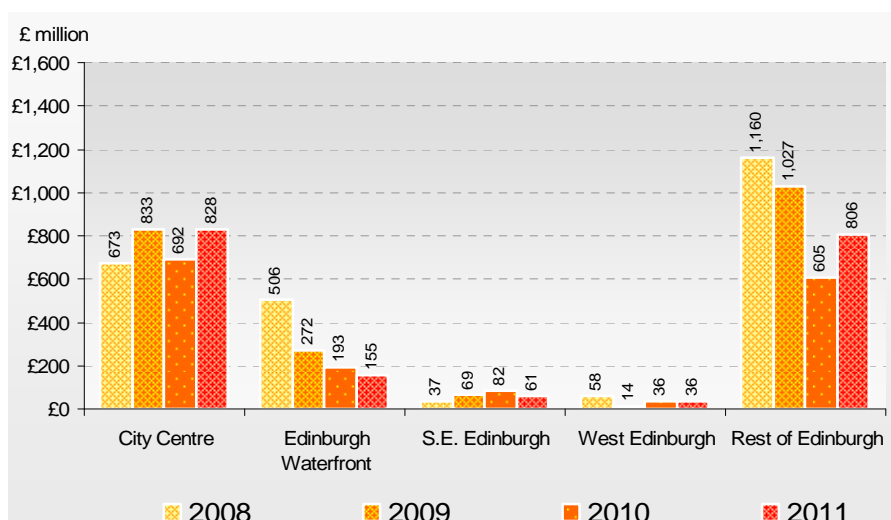
Graph 3 : Development trends 2008 – 2011 by location (market value £M) (total for all stages of development process)



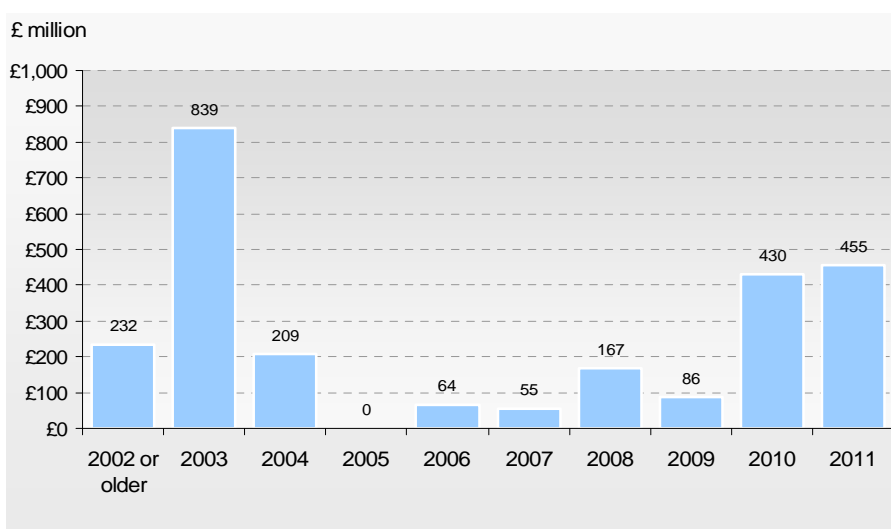
Graph 4 : Development trends 2008 – 2011 by development sector (market value £M)
(completed developments + under construction only)



Graph 5 : Development trends 2008 – 2011 by location (market value £M)
(completed developments + under construction only)

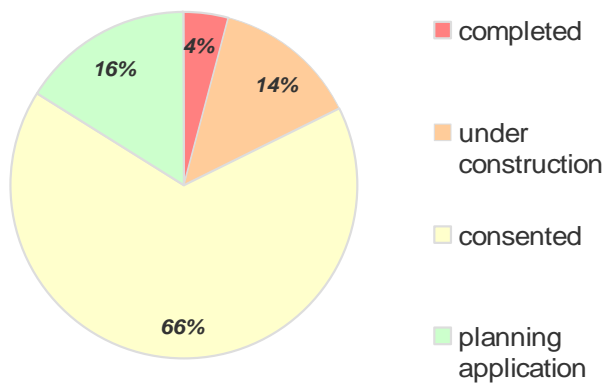


Graph 6 : Value of office consents by year of committee decision (market value £M)

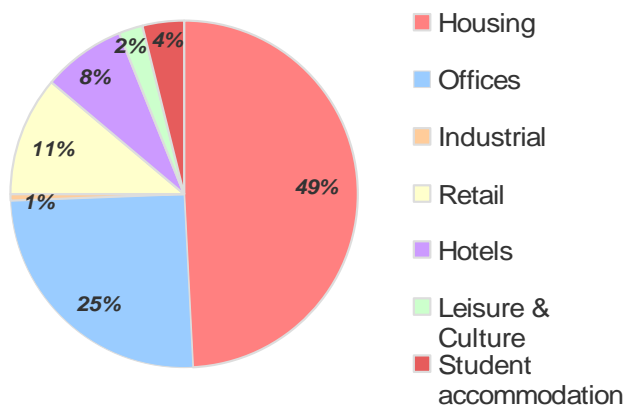


Graphs 7 (a) to (e) : Composition of development, 2011, by market value

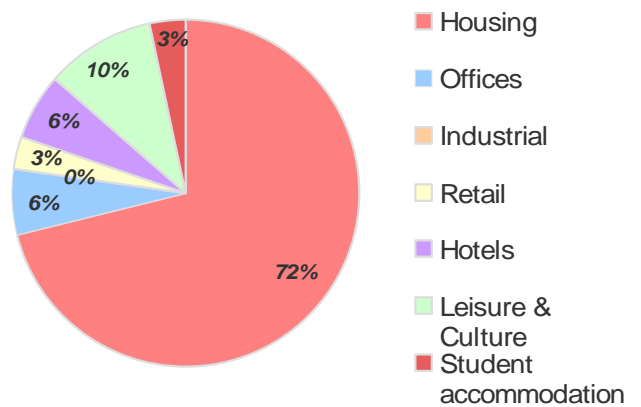
(a) Overall total – by stage in planning / development process



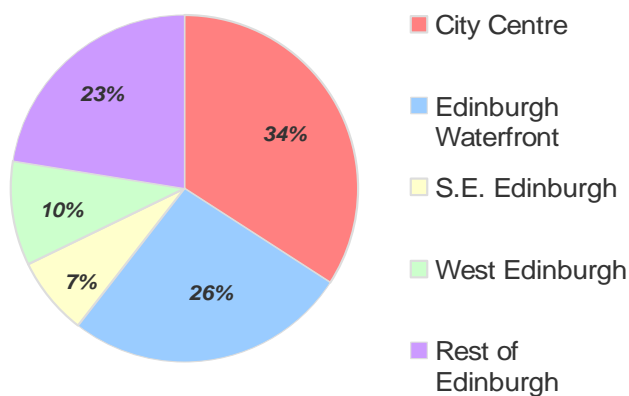
(b) By development sector – all stages of development



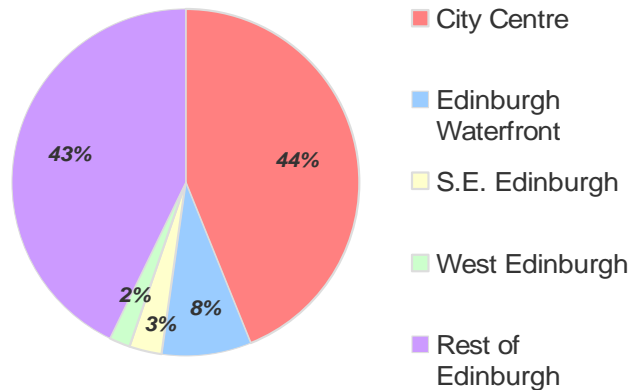
(c) Developments completed or under construction in 2011



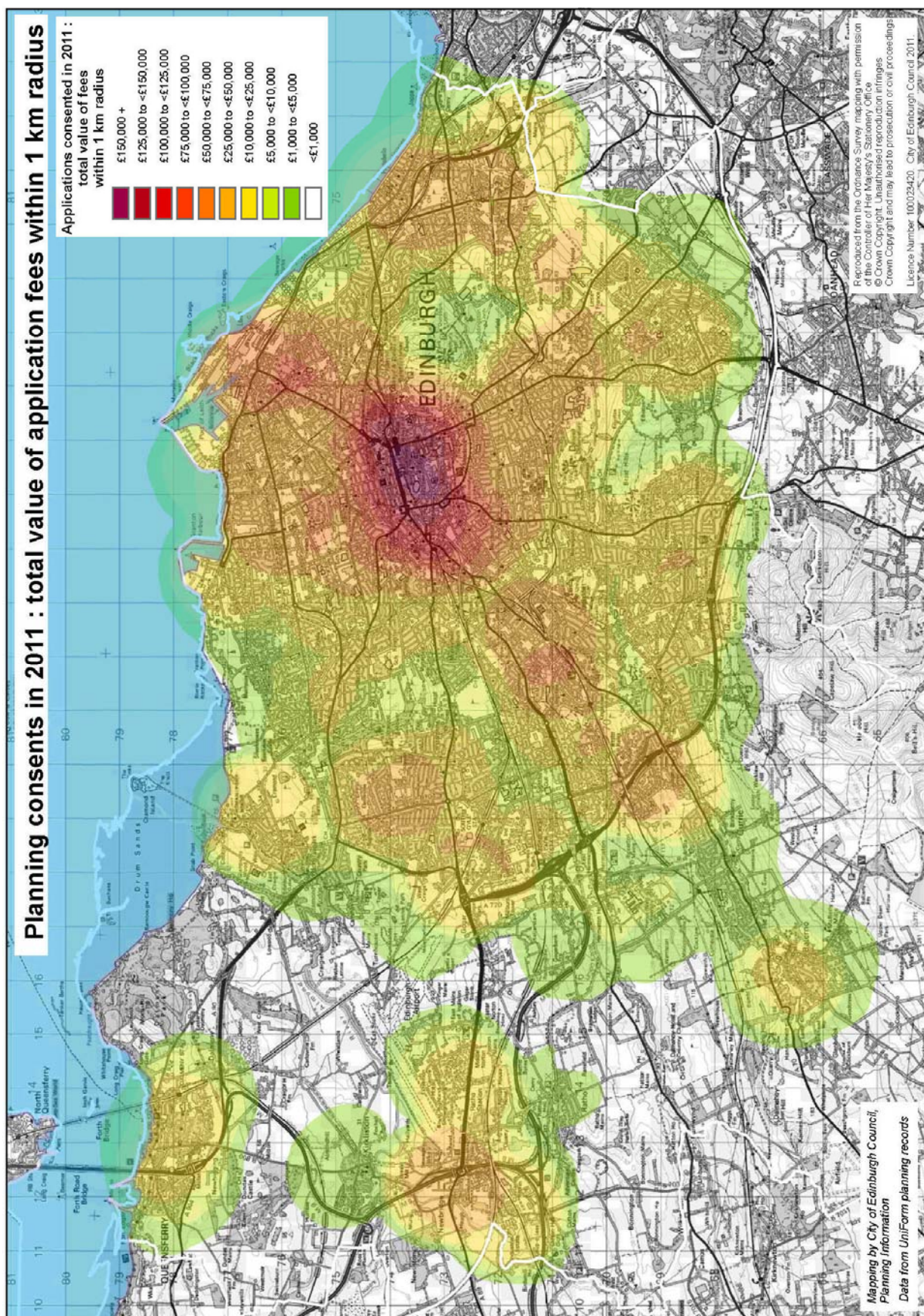
(d) By location – all stages of development



(e) Developments completed or under construction in 2011



Map 1 : General location of developments granted planning consent in 2011
(including 'minded to grant' decisions)



3 Development trends and composition : cross-tabulations

- 3.1 This section drills slightly further down into the development activity figures, to look at cross-tabulations between the main variables – for example the extent to which the various property sectors and areas of the city have different profiles in terms of applications, consents and active development; and how the mix of property sectors varies in different areas of the city.

Development status by property sector (Graphs 8(a) and 8(b))

- 3.2 Office, retail, hotel and cultural / leisure **completions** were all higher in 2011 than 2010, although this is more an observation on the very low completion rates in 2010. Housing and student accommodation completions were substantially lower, and there were no significant industrial completions in 2011.
- 3.3 The proportion of development value actually delivered as completed developments was low in most property sectors (Graph 8(a)). Office completions accounted for just 1% of the potential total development pipeline for offices. Completion rates were slightly higher for housing (4%), retail (4%), hotels (5%) and student accommodation (6%). However, culture and leisure emerges as the sector with by far the highest percentage of developments translating through into completions, at 38% (albeit based on a comparatively low volume).
- 3.4 The conclusion of major extension and refurbishment projects by national agencies – notably the National Museum of Scotland and the National Portrait Gallery – was largely responsible for this. The completion of the new temporary grandstand structure for the annual Edinburgh Military Tattoo was also significant. In fact cultural and leisure developments accounted for 21% of all completions in 2011 by value, highlighting their importance for construction activity and employment at a time when activity in other sectors is slack. Housing still accounted for the largest share of completions, at 45%. Retail (12%) and hotels (10%) both amounted to a larger share of completions than offices (7%).
- 3.5 The value of developments **under construction** at the end of 2011 showed a significant increase on 2010 in respect of housing, student accommodation, hotels and culture / leisure developments. However the reverse was true for office and retail developments, signalling likely low levels of completions in these sectors over the coming year.
- 3.6 In most property sectors only a low proportion of development was actively under construction at the year end. The exceptions were housing and culture / leisure, where respectively 22% and 42% of major development proposals were in the process of being built. The housing sector accounted for nearly four-fifths of the total value of developments under construction.
- 3.7 The stock of potential development residing in **planning consents** has continued to accumulate in the office sector. Retail consents have also grown continuously since 2008 (with the redevelopment of the St. James Centre, still to commence, comprising a significant element of this). Monitoring of student accommodation only commenced in 2010, but the value of unimplemented consents tripled between 2010 and 2011. There was a modest fall in consents for housing and hotels, and a proportionately larger fall for leisure and cultural developments.
- 3.8 Most property sectors have a high proportion of their development potential tied up in unimplemented consents : over 90% in the case of offices, industry and retail, about 70% for hotels and student accommodation, and 46% for housing. These high figures are a strong indication that a significant number of consents are never likely to be implemented in their present form but will, in due course, be superseded by alternative proposals. The recession and wider economic changes have impacted substantially on both the locations and the mix of development that are viable, while company failures and restructuring of finances has also delayed or led to the re-evaluation of some earlier schemes.

- 3.9 Offices in particular account for a large proportion of consents – at 36% these even exceed the value of housing consents (34%). Retail was the 3rd biggest component (15% of total consents), followed by hotels (8%).
- 3.10 The value of development at the **planning application** stage is important as a measure of sectors that are currently attracting interest and are considered to give a reasonable prospect of financial returns. However, it needs to be borne in mind that improvements in the speed of processing major applications mean that applications can move through to consent stage without ever appearing under the ‘application’ heading in this annual survey.
- 3.11 With this in mind, the latest figures show a major fall in the value of office applications awaiting determination. There have also been substantial falls for retail and student accommodation. However housing, hotels and leisure / culture had a higher stock of undetermined applications at the end of 2011 compared with 2010. There were no significant industrial applications awaiting a decision at the end of 2011.
- 3.12 The proportion of development still awaiting a planning decision was very low (5% or less) in most sectors, rising to about 15% for hotels and student accommodation and 28% for housing. This tends to reflect the sectors which have been most active recently.
- 3.13 At the end of 2011 housing accounted for the overwhelming majority of development value at the planning application stage (86%). Hotels and student accommodation were the only other sectors of significance, at 7% and 4% respectively.

Development status by strategic development area (Graphs 9(a) and 9(b))

- 3.14 The value of **completed developments** has fluctuated over the last four years in most of the strategic development areas. (Map 2 in the methodology section shows the extent of these.) The 2011 figures showed a significant increase over 2010 in the City Centre and South East Edinburgh – the latter largely a result of the Scottish Centre for Regenerative Medicine and the Bio-Incubator building opening at the Edinburgh BioQuarter. However in the Edinburgh Waterfront the value of completed development has fallen in successive years, from £218M in 2008 to just £21M in 2011.
- 3.15 47% of all completions in 2011 were in the City Centre and a further 35% in the remainder of Edinburgh outwith the strategic development areas (SDAs). The remaining 18% was divided between the three edge-of-city SDAs (10% in South East Edinburgh, 5% in the Waterfront and 3% in West Edinburgh).
- 3.16 Completions amounted to about 6% of total development value in the City Centre, South East Edinburgh and outwith the SDAs. However in West Edinburgh and the Waterfront only about 1% of development potential was progressed through to completion.
- 3.17 Development **under construction** at the end of 2011 showed an increase over 2010 in the City Centre and the remainder of Edinburgh outside the SDAs. But in the three other SDAs the amount of construction in progress declined. Once again, in the case of the Waterfront activity has fallen continuously over successive years since the first survey in 2008.
- 3.18 As with completions, the lion’s share of construction in progress was in the City Centre (43%) and remainder of Edinburgh (45%), with the remaining 12% split between the three edge-of-city SDAs.
- 3.19 A notable trend is the continuing rapid growth of developments with **planning consent** in the City Centre. These have risen from £1.1 billion in 2008 to £2.5 billion in 2011. Consents have risen and fallen from year to year in other areas, but in broad terms have not changed significantly between 2008 and 2011.
- 3.20 Consequently, over this period the share of planning consents falling within the City Centre has risen from 20% to 36%. For the first time since 2008 (when this Bulletin was first produced) consents in the City Centre have overtaken the large pool of consents in the

Waterfront. In fact unimplemented consents in the City Centre now account for just under a quarter of the City's entire development potential. To some extent this highlights the relative attractiveness of the centre in times of economic restraint.

- 3.21 As indicated previously, the proportion of new and potential future development which has obtained consent but where no start has been made on site is high (and has been growing steadily). All the SDAs had more than half of their value at this stage in the development process (54% in South East Edinburgh, 69% in the City Centre, 77% in the Waterfront and a very high 93% in West Edinburgh). In the rest of Edinburgh (outside the SDAs) activity is spread more evenly across different stages in the development process. However, even here consents account for 41% of total development value.
- 3.22 The amount of development at the **planning application** stage has fluctuated from year to year both at the city scale and in individual areas. There is no discernible trend here, and the figures may be influenced by the timing of submission of major planning applications and how quickly they are processed to decision stage.
- 3.23 As a proportion of the total development pipeline, undetermined planning applications range from a very low 4% in West Edinburgh and a modest 8% in the City Centre to 25% outside the SDAs and 38% in South East Edinburgh.
- 3.24 Current applications show a reasonable spread across different areas of the city, with the exception of West Edinburgh where application activity has been relatively quiet over the last year. Only 2% of undetermined applications were in West Edinburgh.

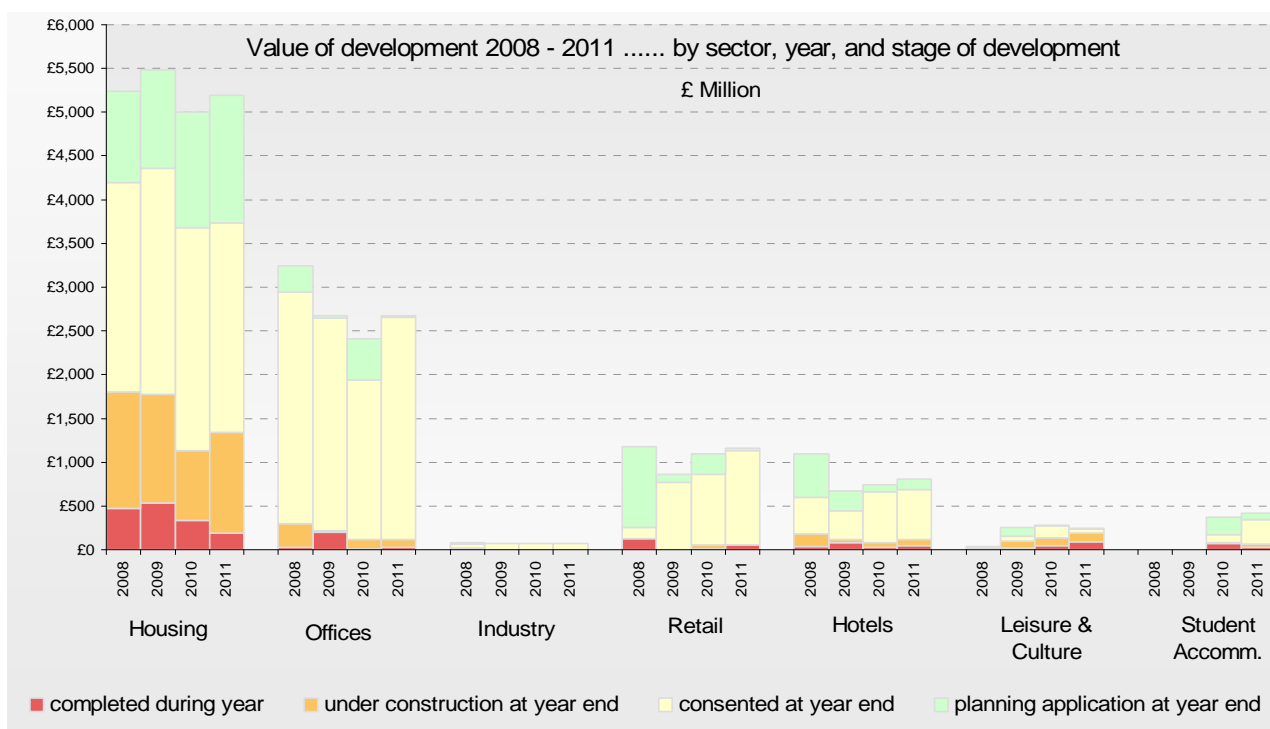
Property sectors by strategic development area (Graphs 10(a), 10(b) and 11)

- 3.25 39% of the potential development pipeline for **housing** (inclusive of all applications and consents) falls outwith the SDAs. The Edinburgh Waterfront is currently identified as a key housing area and accounts for 35% of the total potential development. However this scale of development is now unlikely to be realised, given the shift in focus towards renewable energy technologies in the Leith Docks area. The City Centre encompasses 17% of housing development value and South East Edinburgh 9%.
- 3.26 The geographical distribution of housing development is very different when the analysis is restricted to 'active' development only (i.e. sites completed or under construction in 2011). On this basis the non-SDA share rises to 58%, and the City Centre to 28%. Only 14% of development took place in the edge-of-city SDAs, comprising 12% in the Waterfront and 2% in South East Edinburgh.
- 3.27 The vast majority of **office** development interest is concentrated in the City Centre (36% of the total), West Edinburgh (29%) and the Waterfront (25%). This is one type of development which is strongly associated with the SDAs – with only 1% located in the remainder of Edinburgh.
- 3.28 Once again, though, the City Centre took a much larger share of development which was actively under way or completed in 2011- in fact over two-thirds of the total. Most of the remainder was in South East Edinburgh, due to progress on development of the BioQuarter.
- 3.29 **Industrial** development only occurs on a very modest scale in Edinburgh, and is the lowest in value of the seven sectors studied. Since 2008, very little has been built of a sufficient size to warrant inclusion in this Bulletin. However, there remain substantial consents in place for industrial / storage space in West Edinburgh and the Waterfront. Due to the age of these consents and relatively low recent take-up rates, it is uncertain whether they will ever be implemented.
- 3.30 **Retail** development is particularly associated with the City Centre, with the recently opened Primark store on Princes Street and the proposed massive redevelopment of the St. James Centre bolstering the City Centre figures. However, the St. James project remains at consent stage, with current economic uncertainties partly responsible for delaying initiation of

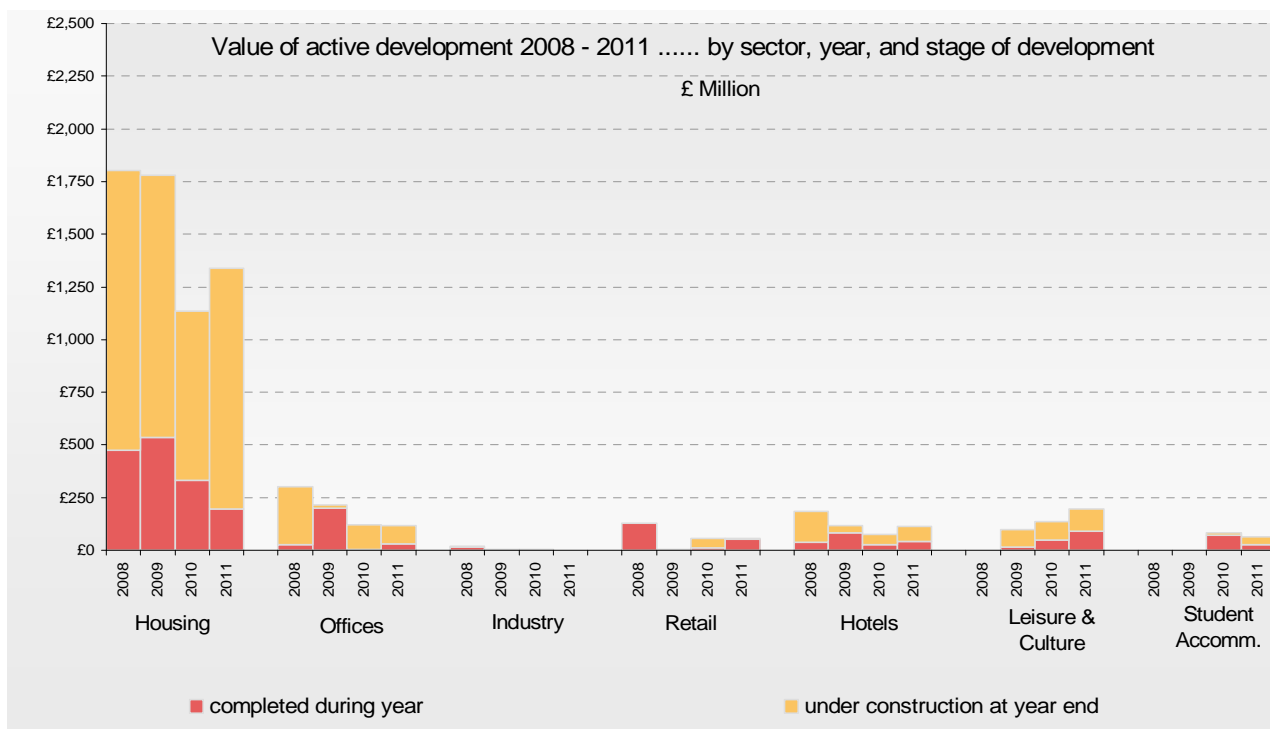
development on the ground. This is a very complex development, but one which is critically important for the future vitality of Edinburgh City Centre.

- 3.31 The City Centre accounts for 64% of retail development value, inclusive of consents and applications. The 'rest of Edinburgh' (outwith the SDAs) now accounts for 14% – a share which has grown from 8% in 2008. The Edinburgh Waterfront is the other main location with retail development in the pipeline, mainly due to an extant consent for expansion of the Ocean Terminal shopping centre.
- 3.32 The City Centre is again dominant in respect of **hotel** developments, with 63% of the total development potential and 81% of developments completed or under way in 2011. The Edinburgh Waterfront has 18% of the total, but none of this was moved forward to construction in 2011. West Edinburgh, on the other hand, had 10% of the total pool of hotel developments, rising to 19% of developments which reached construction / completion (attributable to construction of the new Premier Inn at Edinburgh Park).
- 3.33 **Cultural and leisure** developments are even more focussed in the City Centre than offices, retail and hotels. The City Centre encompasses 87% of total development value in this sector, and 98% of developments under construction or completed. As indicated previously, this is largely explained by the re-opening of the National Museum of Scotland and the National Portrait Gallery following the conclusion of comprehensive refurbishments. The three edge-of-city strategic development areas only incorporate 3% of cultural / leisure development between them.
- 3.34 The development of **student accommodation** has attracted strong interest over the last few years. This is particularly noticeable in the Edinburgh area where there are four universities and several further education institutions, but where, at least until recently, commercially operated residences have catered for only a small proportion of the market compared with many other cities.
- 3.35 78% of the total development pipeline for student housing is found in the City Centre, with 19% in suburban areas outwith the strategic development areas. However, unlike other development sectors, 2011 construction / completions are less weighted towards the City Centre : The City Centre took 59% of such 'active' development, but the 'rest of Edinburgh' had 22% and West Edinburgh 19%. The West Edinburgh figure is attributable to development at Heriot Watt's Riccarton campus.
- 3.36 Overall, the clear indication is that the **City Centre** has become the location of choice for many types of development since the economy started to falter in 2008. This means that the City Centre has a larger volume and more diverse mix of development than any of the other three strategic development areas. In terms of development on the ground, the City Centre is currently outpacing all three other SDAs added together.
- 3.37 Graphs 11(a) to (e) show the mix of development sectors (by value) in the City Centre, the other strategic development areas and the rest of the city. (Note : these are inclusive of undetermined applications and unimplemented consents, as well as developments under construction or completed in 2011).

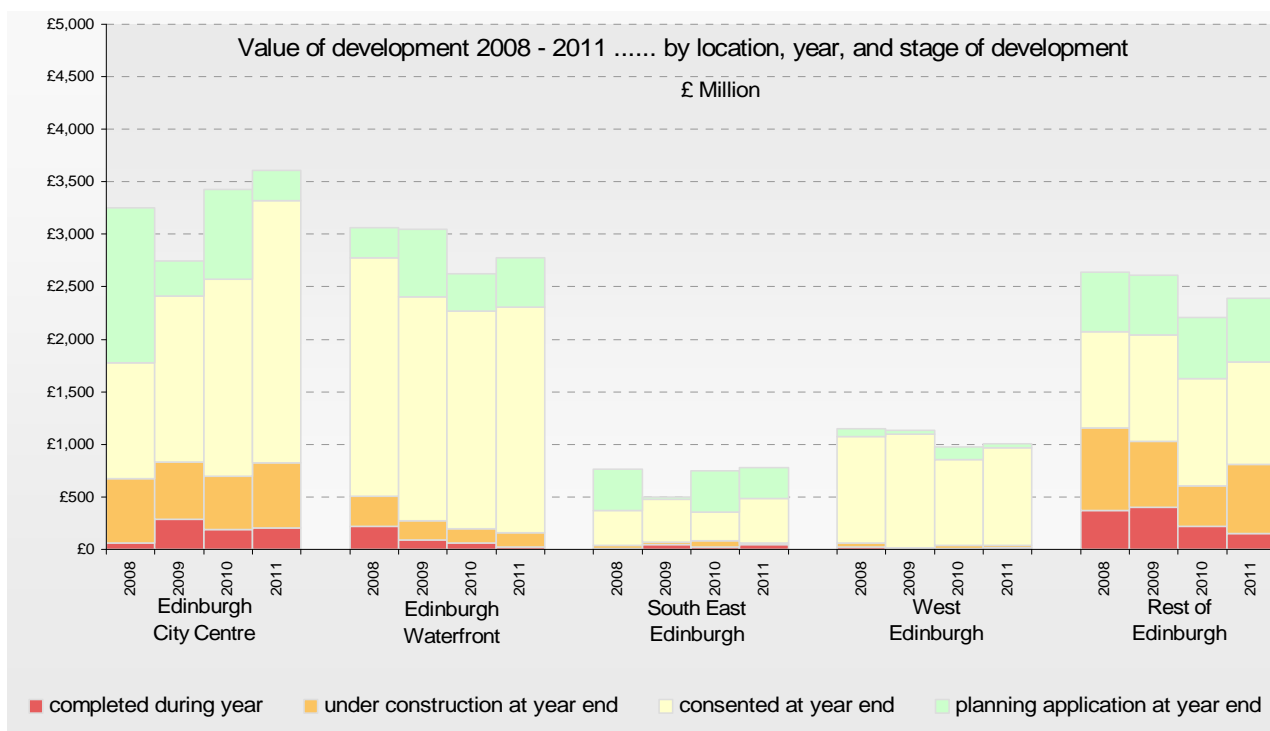
Graph 8 (a) : Development trends 2008 – 2011 by sector and stage in planning process
All stages of development
(market value £M)



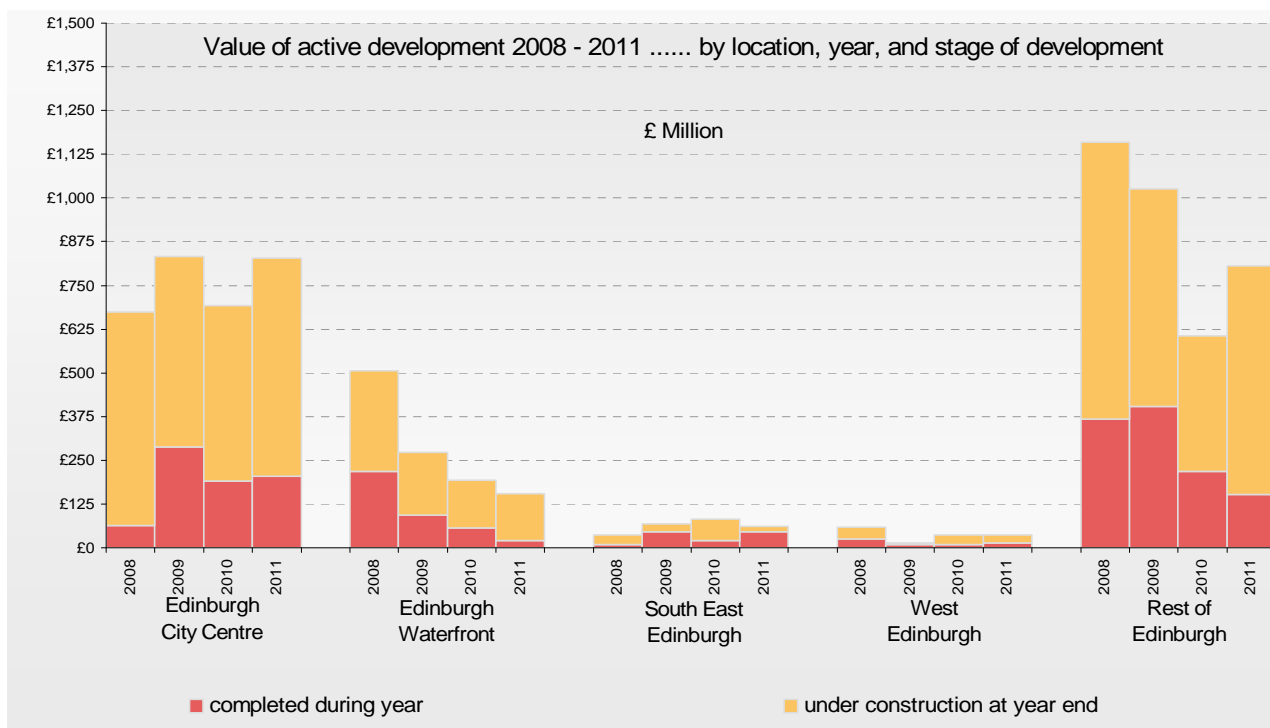
Graph 8 (b) : Development trends 2008 – 2011 by sector and stage in planning process
Completed + Under Construction only
(market value £M)



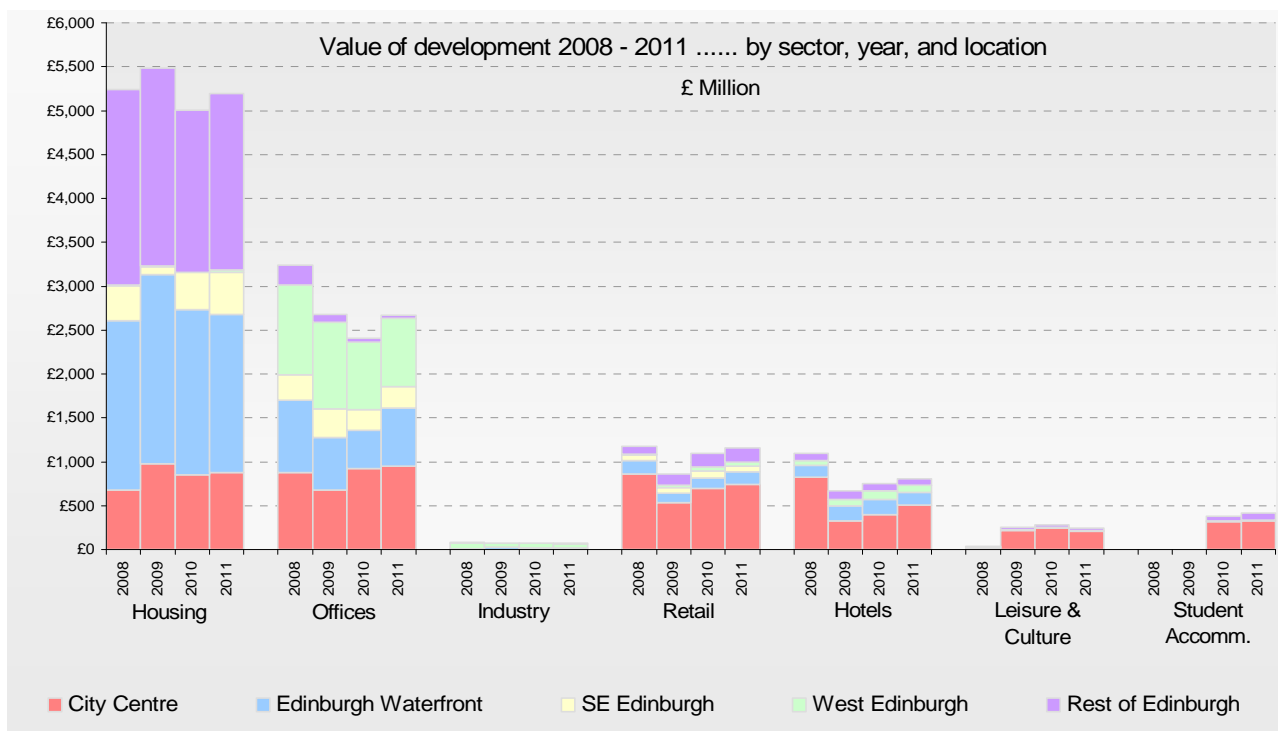
**Graph 9 (a) : Development trends 2008 – 2011 by location and stage in planning process
All stages of development
(market value £M)**



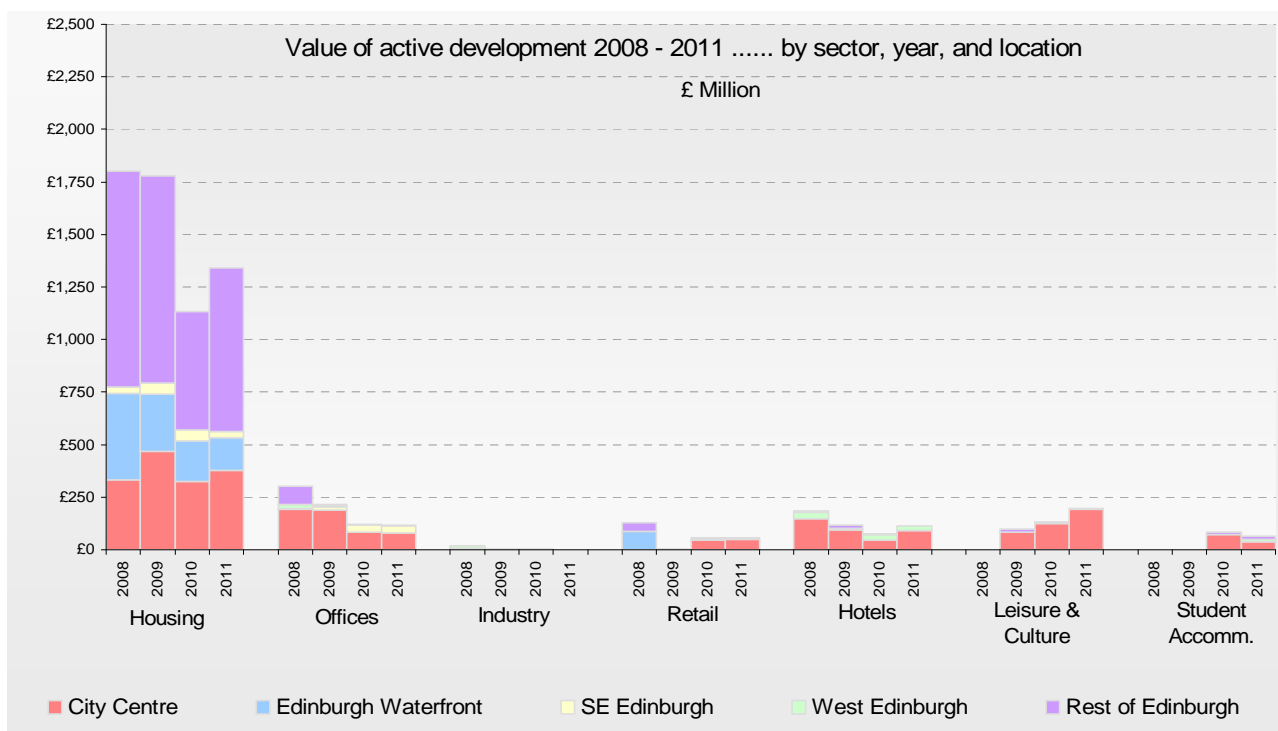
**Graph 9 (b) : Development trends 2008 – 2011 by location and stage in planning process
Completed + Under Construction only
(market value £M)**



Graph 10 (a) : Development trends 2008 – 2011 by sector and location
All stages of development (market value £M)

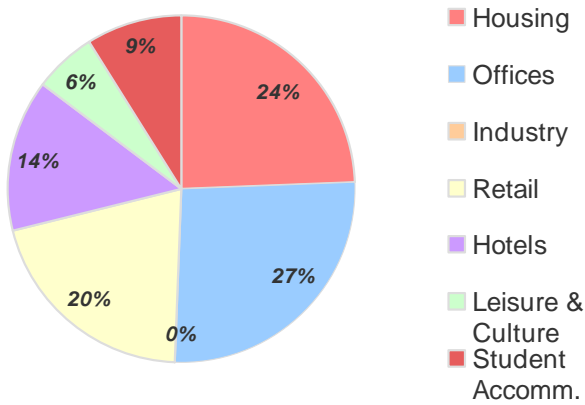


Graph 10 (b) : Development trends 2008 – 2011 by sector and location
Completed + Under Construction only (market value £M)

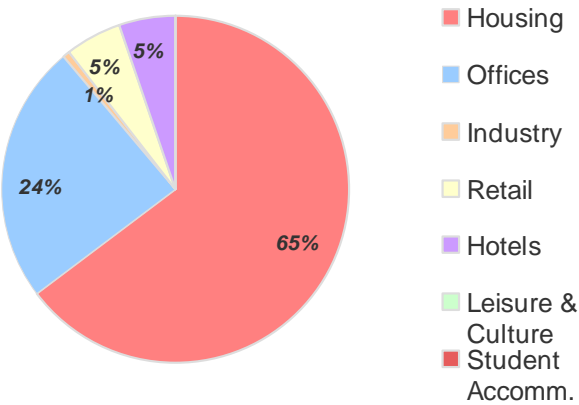


Graphs 11 (a) to (e) : Composition of development by property sector within each strategic development area, 2011, by market value

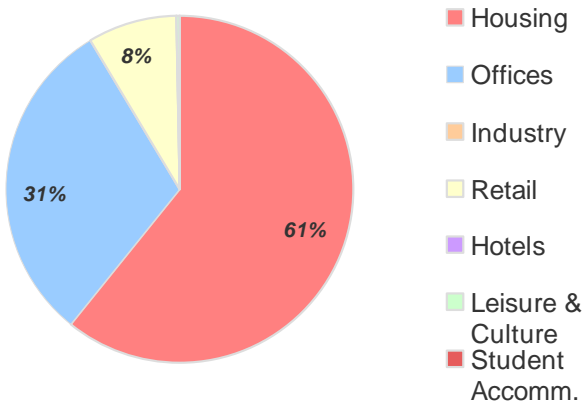
(a) Edinburgh City Centre



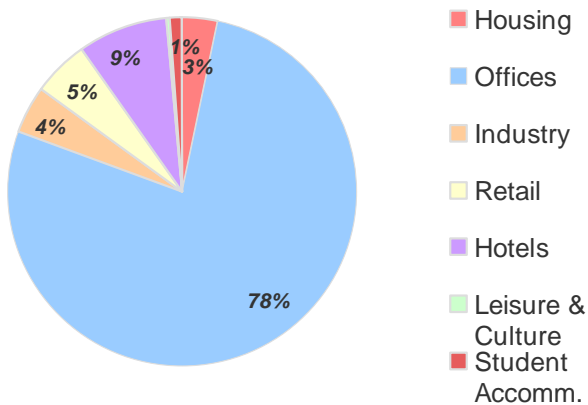
(b) Edinburgh Waterfront



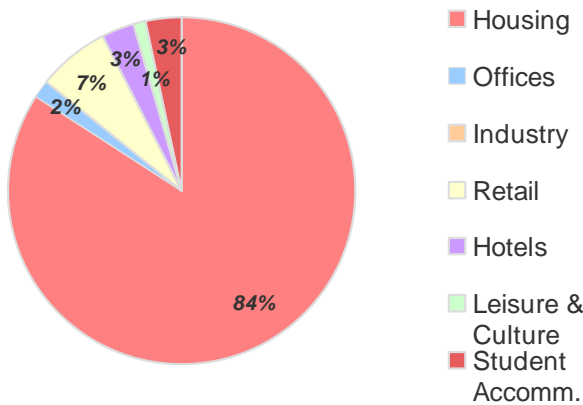
(c) South East Edinburgh



(d) West Edinburgh



(e) Rest of Edinburgh

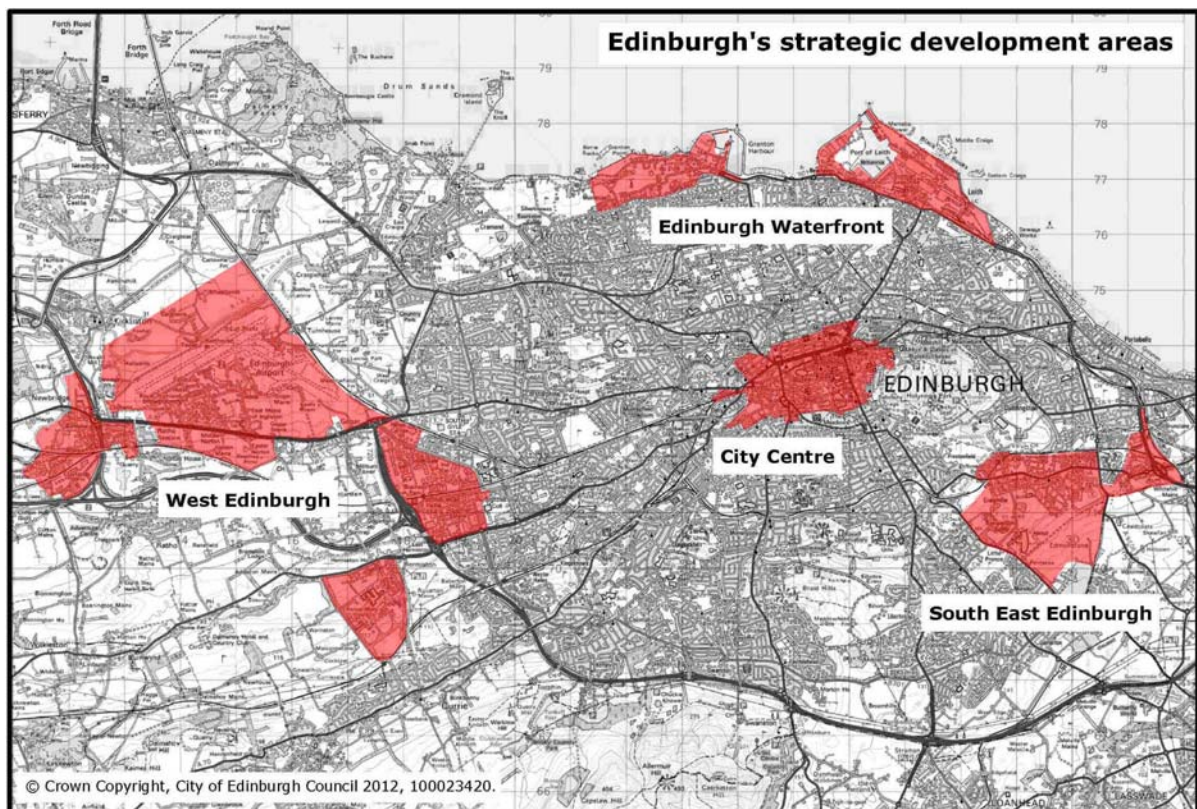


4 Methodology and definitions

- 4.1 The figures in this report generally relate to the calendar year 2011, with completed developments being those which have been completed during that year, and the status of others reflecting the position at the year end, i.e. developments which were under construction, developments which had planning consent (but where construction has not started), and developments which were the subject of a planning application (but where no decision has been issued).
- 4.2 However it should be noted that the housing figures relate to the financial year end, March 31st 2011, to co-incide with the timetable for the annual Housing Land Audit. (The HLA is a key document for monitoring progress towards housing targets set out in the Edinburgh & the Lothians Structure Plan 2015).
- 4.3 Only the more significant developments are included in the analysis – generally those commercial developments of 500 sq.m. or more gross floorspace, or 10 or more hotel rooms, or 5 or more housing units. This means that the estimates of development value are likely to be on the conservative side.
- 4.4 Inclusion in the seven broad development sectors is based on the planning ‘use class’. Houses correspond to use class 9 and include different physical forms such as flats and maisonettes, but exclude residential institutions (e.g. care homes). Offices are mainly class 4 (‘business’), which includes research & development activity. However some types of R&D may tend more towards industrial processes which fall outwith the business use class. Industry includes classes 5 (‘general industrial’) and 6 (‘storage & distribution’). Retail comprises use class 1, although in practice the figures quoted often include units used for food and drink (class 3) and small offices (class 2). Hotels fall into use class 7. Leisure development comprises a ‘mixed bag’ of development, ranging from indoor and outdoor sports facilities to entertainment venues of varying types. These mostly fall within use classes 10 (‘non-residential institutions’) and 11 (‘assembly and leisure’).
- 4.5 The leisure category was extended in 2009 to include major cultural facilities. Hence the figures for 2009 and subsequent years are not strictly comparable with those for 2008. Also, student accommodation developments were only included for the first time in 2010.
- 4.6 The development values quoted are occupational market values. These are based on average values per unit floorspace, as assessed by commercial property consultants, Ryden, for broad categories of development in different areas of the city. The analysis is not intended to provide valuations for individual developments, and these are not published. In some cases, particularly where applications or consents are for development ‘in principle’, there may not be enough detail to provide a reliable indication of value, and this also means that the total estimates of development value are likely to be conservative.
- 4.7 Taken as a whole, the aggregate figures across a broad spectrum of developments are considered to be reasonably robust. Indeed the approach provides a useful way of summing and comparing contrasting types of development.
- 4.8 A number of larger sites are the subject of mixed use planning applications, e.g. for offices, hotel and residential uses. In these cases the values assigned to different components have been assessed separately, and the site is listed in each of the relevant development schedules.
- 4.9 Some of the consents for larger developments are ‘in principle’ (or ‘outline’) only. This means that the developer will need to apply again for ‘matters specified in conditions’ planning consents or for more specific consents relating to parts of larger sites. For example there are outline consents relating to the very large proposals for the extension of Edinburgh Park (business park), the redevelopment of Leith Docks, and the biomedical research campus near the Royal Infirmary. The analysis in this report avoids the double counting of sites which have secondary consents following an initial outline consent.

- 4.10 The only circumstance in which an element of 'double counting' may occur is on sites which have been the subject of multiple planning applications for mutually exclusive uses. This could apply to a growing number of sites in future, as the recession has led to developers reviewing potential alternative uses for sites to ensure development remains financially viable.
- 4.11 In the context of this report, developments are classed as having consent when the Council has either awarded a formal consent or determined that it is minded to grant consent. This includes some applications which are awaiting the conclusion of legal agreements (e.g. Section 75 agreements relating to funding of essential infrastructure) prior to formal consent being granted.
- 4.12 The geographical distribution of development is analysed with reference to Edinburgh's four 'strategic development areas' which are the focus for current and future development and regeneration efforts within the city. These are Edinburgh City Centre, the Edinburgh Waterfront, South East Edinburgh, and West Edinburgh, as illustrated on Map 2.

Map 2 : Edinburgh's strategic development areas



- 4.13 Edinburgh City Centre corresponds to 'Central Edinburgh' as defined in the finalised Edinburgh City Local Plan (ECLP). The Edinburgh Waterfront corresponds to the 'Waterfront Area of Change', also as defined in the ECLP.
- 4.14 South East Edinburgh comprises the Edinburgh portion of the 'South East Wedge' study area outlined in the South East Edinburgh Local Plan, but with some adjustments e.g. to exclude the Edmonstone Estate Nature Reserve and to include Peffermill Industrial Estate and the Fort Kinnaird area. (Fort Kinnaird area taken from the Fort Kinnaird Development Brief 2005).
- 4.15 West Edinburgh is a composite of several key development locations including South Gyle and Sighthill business parks, the Gyle and Hermiston Gait shopping centres, Heriot Watt University and Research Park (Riccarton Campus), Newbridge and Lochend industrial areas and the area covered by the West Edinburgh Planning Framework (WEPF). The WEPF

itself encompasses Edinburgh Airport, the current and proposed Royal Highland Showground sites, the proposed International Business Gateway, and the site recently developed for the tram depot. The existing settlements of Ratho and Ratho Station are not included in this area.

Some developments completed or under construction in 2011

Primark, Princes Street



Retail units, Queensferry Road



EICC extension (Atria), Morrison Street



Office development, Westfield Avenue



Housing, North Kirkliston



National Museum of Scotland, Chambers St.



Student housing, Beaverbank, Canonmills



Premier Inn, Edinburgh Park



